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SIPDIS

USDOC FOR 532/OEA/LHINES/DFARROW
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR WILLIAM ZARIT
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

BEIJING FOR FCS JEANETTE CHU

SIPDIS

E.O. 12958: N/A
TAGS: [BMGT](#) [BEXP](#) [HK](#) [ETRD](#) [ETTC](#)
SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION: AMBIT MICROSYSTEMS
(ZHONG SHAN)

REF: A) USDOC 05155 B) HK 04113

1.Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

¶2. As per reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO) attempted to conduct a post shipment-verification at Ambit Microsystems (Zhongshan), C/O Soonest Express, 4th Floor, Unit 4008-4018E, ATL Logistics Centre B, Berth 3 Kwai Chung Container Terminals, Kwai Chung, New Territories, Hong Kong (Ambit). The items in question are various semiconductors exported to Ambit on or about April 24, 2007 and valued at USD 137,000. On the applicable shippers export declaration (SED), these items are classified as 3A001 and, if properly classified, would be controlled for national security (NS) reasons. The exporter was Triquint Semiconductor (Triquint) of Hillsboro Oregon.

¶3. According to the Hong Kong Companies Registry, Ambit Microsystems is not registered in Hong Kong. A company with a similar name, Ambit Broadband Co. Limited was established in September of 2006. Taiwanese passport holders Chu, Hsien Sheng and Lin, Yuan Hao are listed as directors. That company has nominal issue share capital (USD 1,000) but no paid-up share capital. Soonest Express (Soonest) is a Hong Kong freight forwarder previously referenced in Reftel B.

¶4. As in the case referenced in Reftel B, ECO attempted to obtain information about the shipment by contacting Soonest. Soonest requested a tracking number for the shipment so that it could retrieve the applicable documentation. ECO was unable to obtain such a tracking number from OEA and so did not obtain additional information from Soonest. Nonetheless, from the documentation OEA provided (including Triquint invoices and shipping documents), it is very likely that the items in question transshipped Hong Kong on their way to Ambit's production facility in Zhongshan, Guangdong, mainland China.

¶5. Ambit is a subsidiary of FOXCONN (www.foxconn.com), which is a leading manufacturer of computer components including motherboards as well as various electronic components for consumer goods including mobile phone handsets and notebook computers. FOXCONN supplies components for leading U.S. companies including Apple Computers, Nvidia, etc. FOXCONN is a Taiwanese company with a significant China presence (more than 20 locations throughout China), and is the registered trade name of Hon Hai Precision Industry Group. FOXCONN acquired Ambit in 2004. One of FOXCONN's facilities in mainland China was the subject of a favorable PSV by Beijing ECO on June 7, 2007 (reference BIS license D368885).

¶6. The ECO notes that in certain circumstances, items that fall into the applicable ECCN (3A001) may be exported or reexported to mainland China without a license, particularly where they are destined for civil use. However, in other circumstances, 3A001 items require a license to mainland China regardless of end-use. This difference is dependant on the ECCN subcategory into which the applicable items fall. While the ECCN subcategory was not included in Triquint's Shippers Export Declaration (SED), Triquint's invoice states that some of the items in question are classified under ECCN 3A001.c.2. This subcategory does not appear to require a license if exported to Hong Kong but would appear to require a license if exported/reexported to mainland China. The ECO recommends that BIS conduct a commodity classification for these items to conclusively determine their control status. Nonetheless, in light of the apparent violation of licensing requirements for these items based on Triquint's own commodity classification, the ECO recommends that this check be classified as Unfavorable.